IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

NTP, INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	**Civil Action No. 3:07cv549 (JRS)**
	)	
CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS,	)	
	)	
Defendant.	)	

NTP, INC.'S MEMORANDUM IN RESPONSE TO DEFENDANT VERIZON WIRELESS' MOTION TO STAY

Plaintiff, NTP, Inc. ("NTP"), by counsel, submits this memorandum in response to the Motion to Stay filed by Defendant, Cellco Partnership d/b/a Verizon Wireless ("Verizon Wireless").

BACKGROUND FACTS

NTP filed this action against Verizon Wireless on September 7, 2007. On September 13, 2007, Verizon Wireless' counsel contacted counsel for NTP proposing an agreement to stay the case in light of the United States Patent and Trademark Office's ("PTO") reexamination of the patents at issue (the "Reexamination Proceedings").[1] On the next day, before NTP responded, Verizon Wireless filed its Motion to Stay.

For the reasons articulated in the *NTP, Inc. v. Palm, Inc.* litigation before this Court,[2] NTP does not believe that a stay is necessary. However, in light of the stay ordered in the *Palm* case, NTP is amenable in principle to a limited stay under certain conditions.

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[1] Specifically, the patents at issue in this action are U.S. Patent Nos. 5,436,960, 5,438,611, 5,625,670, 5,819,172, 6,067,451, 6,317,592, 5,479,472 and 5,631,946.
[2] Civil Action No. 3:06CV836 (JRS).

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NTP, on September 14, 2007, sent Verizon Wireless a proposed stipulation and order under which (i) the action would be stayed; (ii) NTP shall provide a status report on the progress of the reexamination proceedings on April 1, 2008; and shall provide periodic status reports on a six-month basis as circumstances require; (iii) Verizon Wireless agrees to be bound as to a final decision with respect to the Reexamination Proceedings on the patentability of any of the claims of the patents listed above with respect to any prior art allegation based on any prior art submitted to the Patent Office; and (iv) the parties agree to institute litigation holds and preserve evidence with respect to the issues raised in the Complaint.

Verizon Wireless responded, agreeing to conditions (ii) and (iv), but rejecting condition (iii) and altering the terms of the stay in condition (i) until the validity of the patents-in-suit is resolved by the PTO and through any consequent appeals.

For the reasons set forth below, NTP proposes that a stay be entered in the form of the sketch Order attached hereto as Exhibit A, embodying each of the conditions proposed by NTP.

ARGUMENT

I. THE ACTION SHOULD NOT BE STAYED WITHOUT DISCRETION UNTIL ALL REEXAMINATION PROCEEDINGS ARE COMPLETED.

Verizon Wireless argues that this action should be stayed pending resolution of the Reexamination Proceedings, including any appeals, as such a stay would conserve judicial resources by clarifying which claims are allowable. Such an unlimited stay would unnecessarily delay this action.[3]

Instead, the stay should be made contingent on the circumstances of the reexamination and appeal process. For example, the PTO may determine that certain of the claims of the patents-in-suit are allowed. At that point, NTP might move to lift the stay and proceed with this

[3] The reexaminations of the NTP patents have already been pending for more than 5 years and, although the PTO has issued certain office actions, the reexaminations still remain in complete control of the examiners.

action based solely on the allowed claims. Under such circumstances, no judicial resources would be wasted by proceeding to trial and a stay would no longer serve any purpose.

The parties can keep the Court apprised of the progress of the reexamination process in the semi-annual status conferences, to which Verizon Wireless has already agreed in principle.

II. VERIZON WIRELESS SHOULD BE BOUND BY ANY FINAL DECISION IN THE REEXAMINATION PROCEEDINGS AS TO THE VALIDITY OF THE PATENTS.

The grant of a stay in the present circumstance is a matter entirely within the discretion of the Court. The purpose of the stay as articulated by Verizon is to allow the PTO the opportunity to complete its review of the patentability of the inventions at issue in the case so as to conserve judicial resources and to gain the benefit of the PTO's expertise as to the validity issues. To achieve that goal, the Court should request that Verizon agree to be bound by the outcome of the PTO reexamination proceedings (and any subsequent appeals). Otherwise, the Court will be required to reconsider all of the issues favorable to NTP and adverse to Verizon which the PTO and subsequent appeals have settled. This is only fair because, as to any claims which are found unpatentable and cancelled, the litigation is over and NTP has no right to seek re-litigation of those issues before this Court. If Verizon truly believes in the PTO's expertise and its ability to handle these matters, it should be willing to agree to be bound by the outcome of the reexamination as of course NTP will be also.

A court in the Eastern District of Texas has recently entered a stay with just such a condition, stating that "[a]s a condition of the stay, Defendant may not argue invalidity at trial based on one or more prior art printed publications that were submitted by the petitioner in the reexamination proceedings." *Data Treasury Corp. v. Wells Fargo & Co.*, No. 2:06-CV-72 (DF) (E.D. Tex. Jan. 12, 2007), attached as Exhibit B; *see also Data Treasury Corp. v. Wells Fargo &*

Co., 490 F. Supp. 2d 749 (E.D. Tex. 2006) (attached as Exhibit C); *Antor Media Corp. v. Nokia, Inc.*, No. 2:05-CV-186 (DF) (E.D. Tex. Sept. 27, 2006) (attached as Exhibit D). The same provision is equally appropriate in this action.

III. THE STAY SHOULD INCLUDE A PROVISION FOR EVIDENCE PRESERVATION.

In order to protect the parties for the duration of the stay, the stay should mandate that the parties institute litigation holds and preserve evidence with respect to the issues raised in the Complaint. We believe an agreement in principle to this provision has already been reached between the parties, and that the parties will be able to negotiate the terms of what must be preserved.

CONCLUSION

For the foregoing reasons, NTP respectfully requests that the Court enter an order in the form proposed in the sketch Order attached hereto as Exhibit A.

Dated: September 20, 2007

Respectfully submitted,

NTP, INC.

By Counsel

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Attorneys for Plaintiff NTP, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of September, 2007, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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I certify that I will mail the document by U.S. First Class Mail, postage pre-paid, to the non-filing users:

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

NTP, INC.,)
)
Plaintiff,)
)
v.) **Civil Action No. 3:07cv549 (JRS)**
)
CELLCO PARTNERSHIP D/B/A)
VERIZON WIRELESS,)
)
Defendant.

ORDER

Plaintiff, NTP, Inc. ("NTP"), has filed an action for patent infringement in the Eastern District of Virginia under Civil Action No. 3:07cv549 (JRS) (the "Action"). Defendant Cellco Partnership d/b/a Verizon Wireless ("Verizon Wireless") has moved for a stay of the proceedings based on the reexamination of U.S. Patent Nos. 5,436,960, 5,438,611, 5,625,670, 5,819,172, 6,067,451, 6,317,592, 5,479,472 and 5,631,946 (the "Reexamination Proceedings"). Given the current circumstances of the Reexamination Proceedings, and based upon this Court's review of the briefs and exhibits submitted by the parties, it is hereby ORDERED that:

Verizon Wireless shall file an Answer and any other responsive pleadings within twenty (20) days from the date of entry of this Order; and

It is further ORDERED that within seven (7) days from the date of entry of this Order Verizon Wireless shall either (1) file with the Court a signed copy of the following stipulation, or (2) notify the Court in writing of its decision not to sign the following stipulation:

> As a condition of the stay, Verizon Wireless agrees to be bound as to a final decision with respect to the Reexamination Proceedings

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on the patentability of any of the claims of the patents listed above with respect to any prior art allegation based on any prior art submitted to the Patent Office.

It is further ORDERED that upon Verizon Wireless's execution of the stipulation:

1. The Action shall be stayed, except with respect to Verizon Wireless's obligation to file an Answer and other responsive pleadings within twenty (20) days from the date of entry of this Order;

2. NTP shall provide a status report on the progress of the reexamination proceedings on April 1, 2008, and shall provide further status reports on a six-month basis as circumstances require; and

3. The parties agree to institute litigation holds and preserve evidence with respect to the issues raised in the Complaint.

It is further ORDERED that if Verizon Wireless elects not to sign the stipulation, the Action shall proceed and the Court will inform the parties of the date of their Rule 16(b) Pretrial Conference.

The Clerk is directed to send a copy of this Order to all counsel of record.

It is so ORDERED.

Dated: September ___, 2007

____

Chief United States District Judge

We ask for this:

____

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Nichole Buck Vanderslice (VSB #42637)
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FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS
JAN 11 2007
DAVID J. MALAND, CLERK
BY
DEPUTY

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DATA TREASURY CORP.	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. 2:06-CV-72 (DF)
	§	
WELLS FARGO & COMPANY, et al.,	§	
Defendants.	§	

ORDER

The Court recently issued an order to stay litigation in three related cases, pending certain stipulations by the defendants in those matters. *See* Civil Action No. 2:05-CV-291, Doc. No. 98; Civil Action No. 2:05-CV-292, Doc. No. 107; Civil Action No. 2:05-CV-293, Doc. No. 98. Certain Defendants in this action have expressed a willingness to stipulate to the same conditions. The Court finds that a similar order in this action is appropriate. However, the Court points out that any stay pending reexamination by the United States Patent and Trademark Office is applicable only to the so-called "Ballard Patents." Any stay issued by the Court is not applicable to discovery or proceedings related to the "Huntington Patents." Accordingly, it is hereby

ORDERED that within seven (7) days from the date of entry of this Order the Defendants shall either (1) file with the Court a signed copy of the following stipulation, or (2) notify the Court in writing of their decision not to sign the following stipulation:

> As a condition of the stay, Defendant may not argue invalidity at trial based on one or more prior art printed publications that were submitted by the petitioner in the reexamination proceedings. However, Defendant will be permitted to rely for obviousness on the combination of printed publication reference that was submitted by petitioner in the reexamination with prior art that was not so submitted.

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ORDERED that as to each Defendant entering into the stipulation, a stay of the proceedings related to the "Ballard Patents" in this case shall ensue. The Plaintiff may file a motion to lift the stay following further Office Action in the reexamination proceeding.

It is so **ORDERED.**

Signed this 12th day of January, 2007

DAVID FOLSOM
UNITED STATES DISTRICT JUDGE

LEXSEE 490 F. SUPP. 2D 749

Analysis
As of: Sep 20, 2007

DATATREASURY CORP., Plaintiff, v. WELLS FARGO & CO., et al., Defendants.

2:06-CV-72-DF

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION

490 F. Supp. 2d 749; 2006 U.S. Dist. LEXIS 96348

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October 25, 2006, Decided
October 25, 2006, Filed

SUBSEQUENT HISTORY: Motion denied by, Stay denied by *Datatreasury Corp. v. Wells Fargo & Co., 490 F. Supp. 2d 756, 2007 U.S. Dist. LEXIS 43770 (E.D. Tex., Apr. 24, 2007)*

COUNSEL: [**1] Michael T McLemore, Technical Advisor, Pro se, Houston, TX.

For Datatreasury Corporation, Plaintiff: Edward Lewis Hohn, LEAD ATTORNEY, Edward K Chin, Nicole Diana Reed, Rodney Allyn Cooper, Nix, Patterson & Roach, LLP - Irving, Irving, TX, US.; Anthony Kyle Bruster, Charles Cary Patterson, Louis Brady Paddock, Richard Benjamin King, Nix Patterson & Roach LLP - Texarkana, Texarkana, TX.; Elton Joe Kendall, Karl Anthony Rupp, Provost Umphrey - Dallas, Dallas, TX.; Eric M. Albritton, Attorney at Law, Longview, TX.; Harold Wayne Nix, Nix Patterson & Roach LLP - Daingerfield, Daingerfield, TX.; Thomas John Ward, Jr, WARD & SMITH LAW FIRM, Longview, TX.

For Datatreasury Corporation, Consol Plaintiff: Edward Lewis Hohn, LEAD ATTORNEY, Rodney Allyn Cooper, Nix, Patterson & Roach, LLP - Irving, Irving, TX, US.; Anthony Kyle Bruster, Charles Cary Patterson, Nix Patterson & Roach LLP - Texarkana, Texarkana, TX.; Elton Joe Kendall, Provost Umphrey - Dallas, Dallas, TX.; Eric M. Albritton, Attorney at Law, Longview, TX.; Thomas John Ward, Jr, WARD & SMITH LAW FIRM, Longview, TX.

For Viewpointe Archive Services, LLC, Consol Plaintiff: John Russell Emerson, Haynes & Boone - Dallas, [**2] Dallas, TX.

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For Bank of America Corporation, Defendant: Andrew Thompson Gorham, Charles Ainsworth, Robert Christopher Bunt, Robert M Parker, Parker, Bunt & Ainsworth, P.C., Tyler, TX, US.; P Weston Musselman, Jr, Robert Charles Earle, Thomas M Melsheimer, Fish & Richardson - Dallas, Dallas, TX.

For Bank of America, National Association, Defendant: Robert Charles Earle, LEAD ATTORNEY, P Weston Musselman, Jr, Thomas M Melsheimer, Fish & Richardson - Dallas, Dallas, TX.; Andrew Thompson Gorham, Charles Ainsworth, Robert Christopher Bunt, Robert M Parker, Parker, Bunt & Ainsworth, P.C., Tyler, TX, US.

For U.S. Bancorp, U.S. Bank, National Association, National City Corporation, National City Bank, Defendants: Anthony Hyeok Son, John J Feldhaus, LEAD ATTORNEYS, George Christopher Beck, Liane M Peterson, Foley & Lardner - Washington, Washington, [**3] DC.; Jeremy M Thompson, Jeremy Michael Thompson, Esq., Winter Park, FL.

For Wachovia Corporation, Wachovia Bank, National Association, BB&T Corporation, M&T Bank Corporation, M&T Bank, Defendants: Audra A Dial, William H Boice, LEAD ATTORNEYS, Kilpatrick Stockton LLP - Atlanta, Atlanta, GA.; Bret Thomas Winterle, E Danielle Thompson Williams, LEAD ATTORNEYS, John Steven Gardner, Kilpatrick Stockton LLP NC, Winston-Salem, NC.; Lance Lee, Young Pickett & Lee, Texarkana, TX.

For Suntrust Banks, Inc., Suntrust Bank, Keycorp, Keybank National Association, The PNC Financial Services Group, Inc., PNC Bank, National Association, Defendants: Samuel Franklin Baxter, LEAD ATTORNEY, McKool Smith - Marshall, Marshall, TX, US.; Garret Wesley Chambers, Lesley David Anderson, Theodore Stevenson, III, McKool Smith - Dallas, Dallas, TX.; Geoffrey Lawrence Smith, Peter John Ayers, McKool Smith - Austin, Austin, TX.

For Branch Banking and Trust Company, Defendant: Audra A Dial, William H Boice, LEAD ATTORNEYS, Kilpatrick Stockton LLP - Atlanta, Atlanta, GA.; Bret Thomas Winterle, E Danielle Thompson Williams, LEAD ATTORNEYS, John Steven Gardner, Kilpatrick Stockton LLP NC, Winston-Salem, [**4] NC.

For Bancorpsouth, Inc., Bancorp South Bank, Defendants: John H McDowell, LEAD ATTORNEY, Gregory Perrone, Hughes & Luce - Dallas, Dallas, TX.

For Compass Bancshares, Inc., . Compass Bank, First Horizon National Corporation, First Tennessee Bank, National Association, Defendants: Gerald C Conley, LEAD ATTORNEY, Tonya Michelle Gray, Andrews & Kurth, Dallas, TX.

For Cullen/Frost Bankers, Inc., The Frost National Bank, Defendants: Kurt Matthew Sauer, LEAD ATTORNEY, Stacy L Zoern, Daffer McDaniel, LLP, Austin, TX, US.; Andrew Wesley Spangler, Elizabeth L DeRieux, Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.

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For Bank of New York Co., Inc., Defendant: Raymond L Sweigart, Ross Ritter Barton, Scott J Pivnick, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For The Bank of New York Co, Inc., Defendant: Jennifer Parker Ainsworth, Wilson Sheehy Knowles Robertson & Cornelius PC, Tyler, TX.; Raymond L Sweigart, Ross Ritter Barton, William P Atkins, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For Unionbancal Corporation, [**6] Union Bank of California National Association, Defendants: Jennifer Parker Ainsworth, Wilson Sheehy Knowles Robertson & Cornelius PC, Tyler, TX.; Raymond L Sweigart, Ross Ritter Barton, Scott J Pivnick, William P Atkins, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For Bank of Tokyo-Mitsubishi UFJ, LTD, Defendant: Lance Lee, Young Pickett & Lee, Texarkana, TX.

For Citizens Financial Group, Inc., Defendant: Claude Edward Welch, Law Office of Claude E Welch, Lufkin, TX.; F Michael Speed, Jr, James L Kwak, Jeffrey S Standley, Standley Law Group LLP, Dublin, OH.

For City National Corporation, City National Bank, Defendants: Elizabeth L Rosenblatt, Irell & Manella - Los Angeles, Los Angeles, CA.; Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.

For Comerica Incorporated, Comerica Bank & Trust, National Association, Defendants: Audra A Dial, William H Boice, LEAD ATTORNEYS, Kilpatrick Stockton LLP - Atlanta, Atlanta, GA.; Bret Thomas Winterle, E Danielle Thompson Williams, LEAD

ATTORNEYS, John Steven Gardner, Kilpatrick Stockton LLP NC, Winston-Salem, NC.; Eric L Sophir, Stephen E Baskin, Kilpatrick Stockton - Washington, Washington, DC.; Lance [**7] Lee, Young Pickett & Lee, Texarkana, TX.

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For First Citizens Bancshares, Inc., Defendant: Larry Dean Carlson, LEAD ATTORNEY, Fernando Rodriguez, Jr, Baker Botts - Dallas, Dallas, TX.; Donalt J Eglinton, Ward & Smith, PA, New Bern, NC.

For First Citizens Bank & Trust Company, Defendant: Larry Dean Carlson, LEAD ATTORNEY, David Osborn Taylor, Fernando Rodriguez, Jr, Baker Botts - Dallas, Dallas, TX.; Donalt J Eglinton, Ward & Smith, PA, New Bern, NC.

For Lasalle Bank Corporation, Lasalle Bank NA, Defendants: Jeffrey A Finn, LEAD ATTORNEY, Sidley Austin - Los Angeles, Los Angeles, Ca.; Andrew Wesley Spangler, Elizabeth L DeRieux, Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.

For The Clearing House Payments Company, LLC, Defendant: Preston Worley McGee, Flowers Davis LLP, Tyler, TX.; Ronald A Clayton, Fitzpatrick Cella Harper & Scinto - New York, New York, NY.; Stephen E Belisle, Fitzpatrick Celia Harper & Scinto - Washington, Washington, DC, US.

For Magtek, [**8] Inc., Defendant: David A Dillard, Christie Parker & Hale, Pasadena, CA.; Joel A Kauth, Christie Parker & Hale LLP, Newport Beach, CA, US.

For First Data Corporation, Telecheck Services, Inc., Remitco, LLC, Defendants: Carissa A Tener, LEAD ATTORNEY, Sidley Austin - Los Angeles, Los Angeles, Ca.; Lance Lee, Young Pickett & Lee, Texarkana, TX.

For Electronic Data Systems Corp., Defendant: Theodore Stevenson, III, LEAD ATTORNEY, Garret Wesley Chambers, Lesley David Anderson, McKool Smith - Dallas, Dallas, TX.; Geoffrey Lawrence Smith, Peter John Ayers, McKool Smith - Austin, Austin, TX.

For UBS Americas, Inc., Defendant: William L. LaFuze, LEAD ATTORNEY, D Ferguson McNiel, Vinson & Elkins - Houston, Houston, TX.; Harry Lee Gillam, Jr, Gillam & Smith, LLP, Marshall, TX, US.; Scott Wayne Breedlove, Vinson & Elkins, Dallas, TX.

For The Bank of New York, Defendant: Jennifer Parker Ainsworth, Wilson Sheehy Knowles Robertson & Cornelius PC, Tyler, TX.; Ross Ritter Barton, Scott J Pivnick, William P Atkins, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For Viewpointe Archive Services, LLC, Defendant: Phillip Brett Philbin, LEAD ATTORNEY, Haynes and Boone, Dallas, [**9] TX.; Marti A Johnson, Paramjeet Singh Sammi, Skadden Arps Slate Meagher & Flom LLP - NYNY, New York, NY.

For City National Corporation, City National Bank, Consol Defendant: David I Gindler, LEAD ATTORNEY, Andrew D Weiss, Morgan Chu, Rachel M Capoccia, Irell & Manella - Los Angeles, Los Angeles, CA.; Kurt Matthew Sauer, LEAD ATTORNEY, Daffer McDaniel, LLP, Austin, TX, US.; Andrew Wesley Spangler, Elizabeth L DeRieux, Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.

For Datatreasury Corporation, Consol Defendant: Elton Joe Kendall, Karl Anthony Rupp, Provost Umphrey - Dallas, Dallas, TX.

For Datatreasury Corporation, Counter Defendant: Edward K Chin, Nix, Patterson & Roach, LLP - Irving, Irving, TX, US.

For Magtek, Inc., Counter Claimant: David A Dillard, Christie Parker & Hale, Pasadena, CA.

For Wachovia Corporation, Wachovia Bank, National Association, BB&T Corporation, Branch Banking and Trust Company, M&T Bank Corporation, M&T Bank, Counter Claimants: Bret Thomas Winterle, LEAD ATTORNEY, Kilpatrick Stockton LLP NC, Winston-Salem, NC.

For U.S. Bancorp, U.S. Bank, National Association, National City Corporation, National City Bank, [**10] Counter Claimants: Liane M Peterson, Foley & Lardner - Washington, Washington, DC.

For Comerica Incorporated, Comerica Bank & Trust, National Association, Counter Claimants: Bret Thomas Winterle, LEAD ATTORNEY, Kilpatrick Stockton LLP NC, Winston-Salem, NC.; Eric L Sophir, Stephen E Baskin, Kilpatrick Stockton - Washington, Washington, DC.

For Union Bank of California National Association, The Bank of New York, Counter Claimants: William P

Atkins, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For The Bank of New York Co, Inc., Counter Claimant: Scott J Pivnick, William P Atkins, Pillsbury Winthrop Shaw Pittman - VA, McLean, VA.

For UBS Americas, Inc., Counter Claimant: D Ferguson McNiel, Vinson & Elkins - Houston, Houston, TX.

For Branch Banking and Trust Company, Counter Claimant: Bret Thomas Winterle, LEAD ATTORNEY, Kilpatrick Stockton LLP NC, Winston-Salem, NC.; Audra A Dial, Kilpatrick Stockton LLP - Atlanta, Atlanta, GA.

For City National Corporation, City National Bank, Counter Claimants: Elizabeth L DeRieux, Brown McCarroll - Longview, Longview, TX.

For UBS Americas, Inc., Counter Claimant: D Ferguson McNiel, Vinson & Elkins - Houston, [**11] Houston, TX.; Scott Wayne Breedlove, Vinson & Elkins, Dallas, TX.

JUDGES: DAVID FOLSOM, UNITED STATES DISTRICT JUDGE.

OPINION BY: DAVID FOLSOM

OPINION

[*751] ORDER

Before the Court is the Motion of Defendants EDS, Harris, Key, PNC, and Suntrust to Sever and Stay the Claims Relating to the Ballard Patents Pending Reexamination of the Ballard Patents (Dkt. No. 260). Most of the remaining defendants join in this motion. Dkt. Nos. 262, [*752] 263, 267, 271, 272, 273, 278, 281, 282, 284, 285, 289, 290 & 319. Defendants BB&T Corporation, Branch Banking and Trust Company, Comerica Incorporated, Comerica Bank & Trust, National Association, M&T Bank Corporation and M&T Bank also filed a Motion to Sever and Stay Claims Related to Ballard Patents Pending Reexamination. Dkt. No. 292. Also before the Court are Plaintiff's consolidated responses and Defendants' consolidated reply. Dkt. Nos. 305, 306 & 317. The Court held a hearing on October 19, 2006, and having reviewed the relevant briefing and hearing arguments of counsel, the Court finds that Defendants' motions should be **GRANTED AS MODIFIED.**

BACKGROUND

On January 6, 2006, the United States Patent and Trademark Office (the "PTO") granted requests [**12] for reexamination of *United States Patent Numbers 5,910,988* and *6,032,137* (collectively, the "Ballard patents") filed by First Data Corporation, which is now a party to this litigation. Dkt. No. 260 at 11 & Exh. 3. The requests for reexamination, Defendants argue, "cited highly relevant and material prior art that had not been considered by the PTO in its initial examination." *Id.*

DEFENDANTS' MOTIONS

Defendants assert a stay of these proceeding pending completion of reexamination will "give effect to the [C]ongressional purposes for the reexamination procedure," simplify the issues before the Court, and cause no undue prejudice to Plaintiff. Dkt. No. 260 at 9-10; *see also* Dkt. No. 292 at 8. Defendants argue: "granting a stay will cause no undue prejudice to [Plaintiff]; the reexamination process will likely narrow or eliminate many of the issues related to the Ballard patents; and no discovery has been taken and no trial date has been set." *Id.* at 14; *see also* Dkt. No. 292 at 11-13.

Defendants argue that Plaintiff is in no danger of suffering irreparable harm because Plaintiff is not "selling or marketing products under its patent." *Id.* at 15 (quoting [**13] *Middleton, Inc. v. Minn. Mining & Mfg., 2004 U.S. Dist. LEXIS 16812, 2004 WL 1968669, at *9 (S.D. Iowa Aug. 24, 2004)*). Defendants argue that the availability of money damages is sufficient to protect Plaintiff from prejudice. *Id.; see also* Dkt. No. 292 at 12.

Defendants argue that 16 defendants are accused of infringing only the Ballard patents, so a stay would reduce the number of defendants in this case considerably. *Id.* at 16. Similarly, Defendants argue that a stay of the Ballard patents will reduce by 93 the 224 asserted claims. Defendants also cite a "71% chance that the claims of a patent undergoing *ex parte* reexamination will be at least narrowed in scope, if not eliminated altogether." *Id.* at 17; *see also* Dkt. No. 292 at 8-9. Finally, Defendants argue that this litigation is in "its very earliest stage." *Id.* at 19; *see also* Dkt. No. 292 at 10-11.

Defendants conclude by requesting that the Court sever the claims related to the Ballard patents while those claims are stayed pending reexamination. *Id.* at 19-21.

PLAINTIFF'S RESPONSE

As to the motions to sever, Plaintiff argues that the Court should not sever the claims based on the Ballard [**14] patents because all of the asserted patents "address various related aspects of financial instrument and payment processing in the banking and payments industries." *Id.* at 11. Plaintiff further argues that "[t]here is overlapping proof among the patents-in-suit," such as how each defendant receives, transmits, and stores check images, checks, and financial instruments. *Id.* at 12-13. Plaintiff asserts "[t]he ownership and use of SVPCo and Viewpointe by the **[*753]** Defendants for check processing and check image storage presents common questions of fact that should be discovered in a single case, not in multiple cases." *Id.* at 13. Plaintiff proposes that severing the case would result in substantial duplication of effort by both the parties and the Court. *Id.* at 14-17.

As to the motions to stay, Plaintiff first asserts that typical reexaminations take several years to complete, and the PTO's rulings are not effective until after the time for final appeal on the matter has passed, which could include appeals to the Board of Patent Appeals and Interferences and the Federal Circuit Court of Appeals. *Id.* at 18-19. Plaintiff argues that the likelihood that the PTO will invalidate **[**15]** the claims of the Ballard patents is low because while the PTO almost routinely grants requests for reexamination, the PTO cancels all claims in only about one tenth of all cases. *Id.* at 20. Plaintiff argues that concurrent litigation and reexamination is appropriate. *Id.* at 22-24 (citing *Soverain Software LLC v. Amazon.com, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005)*).

Second, Plaintiff asserts that the reexamination proceedings will not simplify or eliminate the issues before the Court because "the Defendants are expected to raise defenses which cannot be considered by the USPTO during the course of reexamination proceedings . . ., such as the allegation of inequitable conduct during prosecution of the patents." *Id.* at 24-25. Plaintiff also argues that the PTO's "invalidity analysis is significantly narrower than that which is conducted in a federal district court." *Id.* at 25. Plaintiff argues that a stay of the Ballard patents will not simply the litigation because it would likely result in duplicated effort related to the Ballard patents in the future. *Id.* at 27-28.

Third, Plaintiff contends that "stoppage of this lawsuit will not be automatically **[**16]** reversed by the lifting of a stay in a few months or several years" because of the "time needed for the litigants, experts, [and] witnesses" to re-engage and to come back up to speed on the facts and issues of the case. *Id.* at 29-30.

DEFENDANTS' REPLY

Defendants reply that there is "little overlap" between the Ballard patents and the other patents-in-suit. Dkt. No. 317 at 6. Defendants argue that the posture of the litigation should be the most important factor in deciding whether to grant a stay, and this case is in its earliest stage. *Id.* at 9. Defendants argue that Plaintiff would suffer no undue prejudice from a stay because "[t]here is nothing unfair in asking [Plaintiff] . . . to hold off pursuing its Ballard-patent claims while the PTO decides whether there was a problem with the initial decision to issue those claims." *Id.* at 10.

Defendants also argue that requiring a "stipulation that they will not subsequently challenge the Ballard patents based on any prior art printed publications that were considered in the reexamination process" is not appropriate in this case. *Id.* at 14. Defendants argue that unlike the defendants in *Antor* (Civil **[**17]** Action No. 2:05-CV-186), Defendants "will have no voice at any stage of the reexamination." *Id.* at 14. Defendants argue that requiring a stipulation that Defendants be bound by the findings of the PTO in reexamination would violate Due Process because of the lack of an appeal for third parties in an *ex parte* reexamination and the unavailability of *inter partes* reexamination for patents, such as the Ballard patents, issued prior to November 29, 1999.

[*754] APPLICABLE LAW

"The district court has the inherent power to control its own docket, including the power to stay proceedings." *Soverain, 356 F. Supp. 2d at 662.* "The power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis v. N. Am. Co., 299 U.S. 248, 254, 57 S. Ct. 163, 81 L. Ed. 153 (1936).* "How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance." *Id. at 254-55.* In deciding whether to stay litigation pending reexamination, courts typically consider: "(1) whether **[**18]** a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set." *Soverain, 356 F. Supp. 2d at 662.*

Additionally, a stay has been found to benefit the district court proceedings upon the completion of a reexamination because:

> 1. All prior art presented to the Court will have been first considered by the PTO, with its particular expertise[;]
>
> 2. Many discovery problems relating to prior art can be alleviated by the PTO examination[;]

3. In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed[;]

4. The outcome of the reexamination may encourage a settlement without the further use of the Court[;]

5. The record of reexamination would likely be entered at trial, thereby reducing the complexity and length of the litigation[;]

6. Issues, defenses, and evidence will be more easily limited in pretrial conferences after a reexamination[; and]

7. The cost will likely be reduced both for the parties and [**19] the Court.

Fisher Controls Co., Inc. v. Control Components, Inc., 443 F.Supp. 581, 582 (S.D. Iowa 1977); *accord Emhart Industries, Inc. v. Sankyo Seiki Mfg. Co., 3 U.S.P.Q.2d 1889, 1890 (N.D. Ill. 1987)*; *GPAC, Inc. v. D.W.W. Enterprises, Inc., 144 F.R.D. 60, 63 (D.N.J. 1992)*. As noted by the Federal Circuit, reexamination may result in the elimination of most, if not all, of the issues remaining in the pending litigation. *Gould v. Control Laser Corp., 705 F.2d 1340 (Fed. Cir. 1983)*, *cert. denied 464 U.S. 935, 104 S. Ct. 343, 78 L. Ed. 2d 310 (1983)*. If not found invalid, the reexamination will at least likely result in a narrowing and simplifying of the issues before the Court. *See Loffland Bros. Co. v. Mid-Western Energy Corp., 225 U.S.P.Q. 886, 887 (W.D. Okla. 1985)*. In addition, the technical expertise provided by the reexamination proceeding will be helpful to the Court on any issues that remain. *See Gould, 705 F.2d at 1342*.

DISCUSSION

The first factor, whether a stay would unduly prejudice or present a tactical disadvantage to Plaintiff, weighs in favor of granting the stay. Staying this matter **[**20]** pending reexamination in conjunction with a stipulation, if anything, puts Plaintiff at an advantage. By requiring Defendants to stipulate not to challenge the Ballard patents on grounds considered during the reexaminations, Plaintiff is afforded both the advantage of *ex parte* proceeding and an estoppel effect. Thus, Plaintiff is not prejudiced by a stay in this regard.

The second factor, whether a stay would simplify the issues in this case, also supports granting the stay. In *Soverain,* Judge Davis noted that while cancellation of all claims occurs in only 12 percent of **[*755]** reexaminations, "[t]he unlikelihood of this result, which favors not staying the case, is offset by the possibility that some of the claims may change during reexamination, which favors staying the case." *Soverain, 356 F. Supp. 2d at 662*. Given the circumstances involved in *Soverain,* Judge Davis found the possibility of issue simplification was not sufficiently persuasive to weigh in favor of a stay. *Id. at 663*. Nonetheless, the statistics reveal that most reexaminations result in claim amendments or cancellations. *See* Dkt. No. 260, Exh. 5 at 3. Claim cancellations **[**21]** will certainly simplify the issues that need to be litigated because these claims will be removed entirely from consideration in the litigation. Amended claims also have the potential for simplifying the issues that need to be litigated. Narrowing claims would commensurately simplify the issues at trial. This factor thus weighs in favor of a stay.

Turning to the third factor, whether discovery is complete and whether a trial date has been set, the Court finds this factor also weighs in favor of granting a stay. This case is scheduled for a jury trial in October of 2008, and the discovery deadline is approximately months away. Much remains to be done before this case is ready for trial. Neither the Court nor the parties have invested such resources as to make a stay pending completion of reexamination inefficient and inappropriate.

The Court, having carefully considered the positions of the parties, is convinced a stay is appropriate in this instance. The Court notes that each motion to stay pending reexamination filed in this Court is considered on a case-by-case basis with each cause of action presenting distinct circumstances; there exists no policy in this Court to routinely grant **[**22]** such motions. This case presents a proper situation in which to grant a stay pending reexamination because unlike the situation in *Soverain,* Defendants did not delay in moving for a stay, discovery is far from complete, and the scheduled trial date is approximately two years from the date of this Order.

The Court presents Defendants with a proposed stipulation which the Court will require each defendant to sign before the stay goes into effect as to each individual defendant. Defendants should not be allowed to raise at trial any printed publications considered during the reexamination process. Quite simply, Defendants should not have two bites at the apple.

Defendants' attempt to distinguish *Antor* fails. *See* Civil Action No. 2:05-CV-186, Dkt. No. 410. Defendants argue that the defendants moving for the stay in *Antor,* unlike Defendants in this case, made the request to the PTO that resulted in reexamination of the patent-in-suit. This distinction is unpersuasive because while Defendants argue they have "no voice at any stage of the reexamination," such is generally the nature of *ex parte* reexamination, regardless of who filed the request.

Dkt. No. 317 at 14. If **[**23]** an inventor files a statement in response to the grant of the reexamination request, then the requester may file a reply. *35 U.S.C. § 304*; Manual of Patent Examination Procedure ("MPEP") § 2251. However, the requester in an *ex parte* reexamination has no right to a hearing. MPEP § 2281 ("Requests by third party requesters to participate in interviews or to attend interviews will not be granted.") While the patent owner may seek judicial review of the outcome of reexamination, a third party requester may not. *35 U.S.C. §§ 141 & 145*; MPEP § 2279; *Yuasa Battery Co. v. Commissioner of Patents & Trademarks, 3 USPQ 2d 1143, 1987 WL 9519 (D.D.C. 1987)* (finding that "the statutory provisions regarding the reexamination of a patent and the rules promulgated in support thereof do not provide for . . . judicial review of a decision rendered in a reexamination **[*756]** proceeding for any party other than the patent owner"); *see also Boeing Co. v. Commissioner of Patents & Trademarks, 853 F.2d 878 (Fed. Cir. 1988)* (finding party that requested reexamination "was not entitled by statute to seek judicial review of the reexamination because that procedural route **[**24]** is available under *35 U.S.C. §§ 145* and *302* only to applicants and patent owners dissatisfied with decisions of the board"). The unavailability of *inter partes* reexamination for the Ballard patents is irrelevant to whether a stay should be granted in this case because the Court rejects Defendants' argument that the PTO's *ex parte* reexamination procedure violates Due Process. *See* Dkt. No. 317 at 14. Further, to the extent Defendants wish to participate in reexamination they may file their own requests with the PTO. *See* MPEP § 2283.

In sum, given the particular circumstances of this case, and assuming each Defendant signs the Court's proposed stipulation, the Court cannot find any undue prejudice to Plaintiff. The Court finds a high likelihood that results of the PTO's reexamination will have a dramatic effect on the issues before the Court, and the Court will benefit from the PTO's expertise and determination on reexamination. For these reasons, the Court finds Defendants' motions to stay the proceedings pending reexamination of the Ballard patents should be **GRANTED AS MODIFIED.**

CONCLUSION

For all of these reasons, **[**25]** the Defendants' motions (Dkt. Nos. 262, 263, 267, 271, 272, 273, 278, 281, 282, 284, 285, 289, 290, 292 & 319) are hereby **GRANTED AS MODIFIED.**

It is further **ORDERED** that by **November 3, 2006 at 5:00 P.M.,** Defendants shall either (1) file with the Court a signed copy of the following stipulation, or (2) notify the Court in writing of their decision not to sign the following stipulation:

> The parties agree that the stay will be granted only on condition that [an individual defendant] agrees not to challenge *United States Patent Numbers 5,910,988* and/or *6,032,137* based on any prior art printed publications that were considered in the reexamination process.

Defendants' motions to sever are hereby conditional **GRANTED** as to each defendant, conditioned on each defendant entering the proposed stipulation.

It is further **ORDERED** that the Clerk of the Court shall delay the implementation of this stay until further notification from the Court.

SIGNED this 25th day of October, 2006.

DAVID FOLSOM

UNITED STATES DISTRICT JUDGE

**IN THE UNITED STATES DISTRICT COURT
OF THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

ANTOR MEDIA CORPORATION	§	
	§	
V.	§	**No. 2:05CV186**
	§	
NOKIA, INC., ET AL.	§	

ORDER

Before the Court is Nokia's Motion to Stay Litigation Pending Completion of Reexamination (Dkt. No. 232).[1] The Court, having reviewed the relevant briefing and hearing arguments of counsel,[2] is of the opinion the motion should be **GRANTED AS MODIFIED.**

BACKGROUND

On May 16, 2005, Antor Media Corporation ("Antor") filed this suit against twelve defendants, alleging infringement of United States Patent No. 5,734,961 (the "'961 Patent"). The '961 Patent, entitled "Method and Apparatus for Transmitting Information Recorded on Information Storage Means from a Central Server to Subscribers via a High Data Rate Digital Telecommunications Network," is claimed by Antor to cover, among other things, "the delivery to a subscriber of a personalized sound program selected from a large directory of available selections."

DEFENDANTS' MOTION

Currently, the non-settling defendants, Panasonic Corp. of North America, UTStarcom Personal Communications, LLC, Kyocera Wireless Corp., Sharp Electronics Corp., and Virgin

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[1] On July 17, 2006, the Court entered an Order dismissing with prejudice all claims for relief asserted by Antor against Nokia, Inc. ("Nokia") based upon the parties' announcement to the Court that they had settled their respective claims in this cause. Even though Nokia is no longer a defendant in this lawsuit, other non-settling defendants have joined in Nokia's request for a stay pending reexamination.

[2] The Court conducted a hearing on Nokia's motion on June 29, 2006.

EXHIBIT
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Mobile USA, LLC ("Defendants"), move the Court for a stay of this action in light of patent reexamination proceedings before the United States Patent & Trademark Office ("PTO"). According to Defendants, on December 7, 2005, Nokia filed a request for reexamination of the '961 Patent (the "Request") with the PTO, and on January 5, 2006, the PTO granted the Request. The PTO determined a "substantial new question of patentability affecting claims of United States Patent number 5,734,961" was raised by the Request. On February 17, 2006, co-defendants LG Electronics Mobilecomm USA, Inc. and Research in Motion Corporation independently sought reexamination of the '961 Patent. The PTO granted the requests.

Defendants assert a stay of these proceeding pending completion of reexamination will not unduly prejudice Antor but will instead promote judicial economy, conserve the parties' resources, avoid unnecessary discovery and litigation, and serve the purposes underlying the reexamination statute. Specifically, Defendants assert a stay will simplify the issues in question and the trial of the case. According to Defendants, a stay "will allow the PTO to evaluate the validity of the claims-in-suit, bringing to bear its special expertise" and "it will allow the intrinsic evidence to be fully developed before this Court construes any claim terms."[3] Finally, Defendants maintain discovery has been minimal, and this case is in its early stages.

ANTOR'S RESPONSE

Antor opposes Defendants' motion to stay proceedings for several reasons. First, Antor states the PTO grants approximately 90% of all requests for reexamination, and in only ten percent (10%) of the cases in which a request for reexamination is granted are **all** of the claims cancelled by the PTO's determination. Antor further asserts typical reexaminations take nearly two years, and

[3] Nokia's mot. at pg. 6.

the PTO's rulings are not effective until after the time for final appeal on the matter, which could include appeals to the Board of Patent Appeals and Interferences, the Federal Circuit Court of Appeals and, ultimately, the United States Supreme Court. Antor maintains an indefinite stay of this litigation would be highly prejudicial not only to Antor, but also to its licensees, who are not parties to this litigation, but are entitled to enforcement of the '961 Patent.

Second, Antor asserts the reexamination proceedings initiated by Nokia will not simplify or eliminate the issues before the Court. Third, Antor contends substantial resources have already been expended in this case. According to Antor, the parties have exchanged preliminary infringement and invalidity contentions, initial disclosures and additional disclosures, and have produced hundreds of thousands of documents; depositions in the case are occurring and some parties have engaged in settlement discussions based upon the evidence developed in the case to date. Antor further states licensees of Antor have been subpoenaed to produce documents from the prior litigation, and these documents have been produced.

DEFENDANTS' PROPOSED STIPULATION

At the hearing on June 29, 2006, the Court proposed that Defendants stipulate that they will be bound by the results of the reexaminations of the '961 Patent currently pending before the PTO. The Court's recommended stipulation was as follows: "The parties agree that the stay will be granted only on condition [an individual defendant] agrees not to challenge the '961 patent based on grounds and/or issues that were considered in the reexamination process."

Defendants are willing to agree to the stipulation proposed by the Court with one modification accounting for the *ex parte* nature of the reexaminations. Defendants' proposed stipulation is as follows:

> The parties agree that the stay will be granted only on condition that the defendants Panasonic Corp. of North America, UTStarcom Personal Communications, LLC, Kyocera Wireless Corp., Sharp Electronics Corp., and Virgin Mobile USA, LLC agree not to challenge the '961 patent based on any prior art printed publication that was raised by defendants in the requests for reexamination.

Defendants' Proposed Stipulation Re: Stay of Case Pending Reexamination, Exhibit A.

In support of their proposed stipulation, Defendants assert the reexaminations of the '961 patent are *ex parte* reexaminations, meaning that after submitting their requests for reexaminations, Defendants have no opportunity for further involvement in the reexaminations. Defendants further explain that while they have had an opportunity to explain to the PTO why they believe the prior art they relied on in their reexamination requests invalidate the '961 patent, they "have not had, and will not have, an opportunity to address any additional prior art that plaintiff may submit to the [PTO]."[4]

Under their proposed stipulation, Defendants assert they will be bound by the results of the reexamination for the prior art submitted to the PTO in the reexamination requests, but not for other prior art submitted by the patentee to the PTO. In addition, because they arguably cannot challenge the '961 patent in the PTO based on non-publication prior art, such as prior art systems, inventions, and sales, including, but not limited to Compusonics, Sarde, Digmusic, GTE Main Street, and others, Defendants assert their proposed stipulation also makes clear that it is limited to printed publications, which are the only bases allowed under the Patent Statute for reexamination. *See* 35 U.S.C. § 301 (authorizing the Patent Office to reexamine patents only on the basis of printed publications, such as patents and articles).

Antor opposes any stay of the litigation. However, in the event the Court is inclined to stay the case and enter a stipulation, Antor opposes Defendants' proposal. Regarding Defendants'

[4] Defendants' Proposed Stipulation Re: Stay of Case Pending Reexamination at pg. 2.

objection to the lack of opportunity to comment on the prior art produced by Antor, Antor asserts Defendants chose to file requests for *ex parte* reexamination, and "now they must be made to deal with the consequences."[5] Specifically, in this regard, Antor points out the stipulation initially proposed by the Court allowed Defendant to rely on their prior use evidence at trial given that the evidence is considered to be outside the scope of reexamination. Given this, Antor asserts Defendants' proposal does not accomplish, in this regard, anything the Court's proposed stipulation did not.

Regarding printed publications as evidence of prior art, Antor strongly believes any printed publication referencing any system not already the subject matter of references submitted to the PTO, regardless of who raised the submission, should not be raised at trial. According to Antor, Defendants' proposed stipulation contradicts Defendants' own assertions that the PTO is better equipped to handle the review and determination of prior art in the question of validity of patents. Therefore, if the Court is inclined to enter a stipulation, Antor requests the Court not permit Defendants to raise at trial any printed publications considered during the reexamination process.

APPLICABLE LAW

"The district court has the inherent power to control its own docket, including the power to stay proceedings." *Soverain Software LLC v. Amazon.Com*,356 F.Supp.2d 660, 662 (E.D. Tex. 2005). "The power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis v. North American Co.*, 299 U.S. 248, 254 (1936). "How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even

[5] Antor's Response in Opposition to Defendants' Proposed Stipulation at pgs. 1-2.

(1983). If not found invalid, the reexamination will at least likely result in a narrowing and simplifying of the issues before the Court. *See Loffland Bros. Co. v. Mid-Western Energy Corp.*, 225 U.S.P.Q. 886, 887, 1985 WL 1483 at *2 (W.D. Okla. 1985). In addition, the technical expertise provided by the reexamination proceeding will be helpful to the Court on any issues that remain. *See Gould*, 705 F.2d at 1342.

DISCUSSION

The first factor, whether a stay would unduly prejudice or present a tactical disadvantage to Antor, weighs in favor of granting the stay. Staying this matter pending reexamination in conjunction with a stipulation, if anything, puts Antor at an advantage. By requiring Defendants to stipulate not to challenge the '961 patent, Antor is afforded both the advantage of *ex parte* proceeding and an estoppel effect. Thus, Antor is not prejudice by a stay in this regard.

Further, Antor asserts that staying litigation will prejudice its non-party licensees entitled to enforcement of the '961 patent and deter potential licensees from taking a license. In this regard, Antor maintains that licensees of the '961 patent are harmed by Defendants' continued infringement, and staying this litigation will further prolong this infringing activity thus diluting the value of a license. On the other hand, Defendants assert any difficulty Antor may be having with licensing its patent is not a result of any potential stay of this litigation but is instead a result of the reexaminations themselves (Tr. at 10).

The Court finds any prejudice born on Antor by the harm caused to its licensees or potential licensees as a result of staying this litigation is negated by the reexamination proceedings before the PTO. That is, any concerns that a licensee or potential licensee may have due to pending litigation would likewise exist due to pending reexaminations. Moreover, as to potential licensees, the Court finds that Antor can be adequately compensated through economic damages under these circumstances – neither Antor, nor its licensees, is a sole manufacturer or producer of the intellectual property in question. Accordingly, the Court finds that a stay will not unduly prejudice or present a tactical disadvantage for Antor.

The second factor, whether a stay would simplify the issues in this case, also supports granting the stay. In *Soverain*, Judge Davis noted that while reexamination would simplify the case if the PTO finds all the allegedly infringing claims are cancelled, "this historically happens in only 12% of reexaminations requested by a third party. The unlikelihood of this result, which favors not staying the case, is offset by the possibility that some of the claims may change during reexamination, which favors staying the case." *Soverain*, 356 F.Supp.2d at 662. Given the circumstances involved in *Soverain*, Judge Davis found the possibility of issue simplification was not sufficiently persuasive to weigh in favor of a stay. *Id.* at 663.

Here, Defendants assert the four reexaminations involve nineteen anticipatory or potentially anticipatory references, "meaning that the prior art would include all of the elements of the claimed invention, the claims of the patent." (Tr. at 5-6). Defendants have also presented the Court with recent PTO statistics of the 510 *ex parte* reexaminations that were ordered in 2005. The statistics reveal that about 95% resulted in claim amendments or cancellations; only about 5% resulted in no changes at all. (Laurenson Dec., ¶ 9).

Claim cancellations will certainly simplify the issues that need to be litigated because these claims will be removed entirely from consideration in the litigation. Amended claims also have the potential for simplifying the issues that need to be litigated. If the reexamination proceeding narrows a claim or claims, the issues at trial will be simplified. Moreover, the Court is inclined to reject

Defendants' proposed stipulation and require each defendant to enter into the Court's original stipulation as to printed publications.

Turning to the third factor, whether discovery is complete and whether a trial date has been set, the Court finds this factor also weighs in favor of granting the stay. This case is scheduled for a jury trial March 12, 2007, and the discovery deadline is not until December of 2006. Much remains to be done before the case is ready for trial. Although the Court has conducted the claim construction hearing, the Court has not started to draft an order construing the claims at issue in this case. Neither the Court nor the parties have invested such resources into this case to make a stay pending completion of reexamination inefficient and inappropriate.

The Court, having carefully considered the positions of the parties, is convinced a stay is appropriate in this instance. The Court notes that each motion to stay pending reexamination filed in this Court is considered on a case by case basis with each cause of action presenting distinct circumstances; there exists no policy in this Court to routinely grant such motions. This case presents an ideal situation in which to grant a stay pending reexamination because unlike the situation in *Soverain*, Defendants did not delay in moving for a stay; discovery is far from being complete; and the scheduled trial date is approximately seven months from the date of this Order.

More importantly, the Court has presented Defendants with a proposed stipulation which the Court will require each defendant to sign before the stay goes into effect as to each individual defendant. The Court rejects Defendants' proposed stipulation because, quite simply, Defendants should not have two bites at the apple. As Antor points out, Defendants chose to file requests for *ex parte* reexamination and Defendants should not be allowed to raise at trial any printed publications considered during the reexamination process. The Court accepts this rationale.

In sum, given the particular circumstances of this case, and assuming each Defendant signs the Court's proposed stipulation, the Court cannot find any undue prejudice to Antor. The Court finds a high likelihood that results of the PTO's reexamination will have a dramatic effect on the issues before the Court, and the Court will benefit from the PTO's expertise and determination on reexamination. For these reasons, the Court finds Defendants' motion to stay the proceedings pending reexamination of the patent-in-suit should be granted as modified. Accordingly, it is

ORDERED that Nokia's Motion to Stay Litigation Pending Completion of Reexamination (Dkt. No. 232) is hereby **GRANTED AS MODIFIED**. It is further

ORDERED that within 14 days from the date of entry of this Order the non-settling Defendants shall either (1) file with the Court a signed copy of the following stipulation proposed by the Court, or (2) notify the Court in writing of their decision not to sign the following stipulation:

> The parties agree that the stay will be granted only on condition [an individual defendant] agrees not to challenge the '961 patent based on any prior art printed publications that were considered in the reexamination process.

ORDERED that the Clerk of the Court shall delay the implementation of this stay until further notification from the Court.